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Agenda Item 5a

April 12, 2011

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. **SUBJECT:** CalPERS 2011-12 Business Plan
- II. **PROGRAM:** Systemwide
- III. **RECOMMENDATION:** Approve the CalPERS 2011-12 Business Plan
- IV. **ANALYSIS:**

Over the past year, the CalPERS Business Plan has focused the organization on advancing the 12 Board-approved Strategic Plan goals and restoring confidence in CalPERS. As a result of the 2010-11 Business Plan objectives and initiatives, we achieved significant progress on both fronts. Our investment returns are climbing and internal governance processes are improving through work completed on the organizational alignment, special review findings implementation, and integration of a risk-intelligent organizational mindset. Customer service and stakeholder relations were expanded and we are continuing to move closer to the successful implementation of the my|CalPERS system.

As part of the planning process, the Executive Staff identified the challenges and opportunities CalPERS will face in the coming year. The 2011-12 Business Plan (Attachment 1) was developed to build upon the achievements we have realized to date and includes the strategies needed to further our customer service capabilities, ensure stability and soundness of the pension and health programs, and continue alignment of our culture, strategy, and structure.

2011-12 Business Plan

The CalPERS 2011-12 Business Plan includes three overarching enterprise priority areas that are intrinsically tied to the existing CalPERS Vision and Mission. The three priority areas for 2011-12 are:

- Customer Focus: Today & Tomorrow
- Leadership and Soundness
- Building Internal Strength

For each of these priority areas, the Executive Staff and the Senior Leadership team identified specific, achievable objectives and initiatives for next fiscal year. These 11 objectives and 44 initiatives will mark measurable progress toward fulfilling CalPERS Vision and Mission.

- The *Customer Focus: Today & Tomorrow* initiatives continue our focus on transforming customer service to meet the changing needs of members and employers. These efforts include delivering enhanced customer capabilities with the launch of myCalPERS, ensuring a successful transition of staff and customers to the new system, and developing an enterprise strategy for transforming core service delivery.
- At the core of *Leadership and Soundness* is delivering strong investment results, adapting to changing conditions, and exercising leadership in pension, health, and financial market policy. The objectives and initiatives in this area include influencing State and federal retirement policy discussions, improving the cost effectiveness of the health program, implementing strategic investment priorities, and enhancing financial, actuarial, and program reporting to stakeholders.
- *Building Internal Strength* includes completing the planned efforts of the organizational structure and cultural alignment initiatives, diversity and inclusion efforts, further integration of a risk management culture into the organization, and reducing the reliance on consulting services.

Ongoing Business Plan Reporting

Going forward, staff will monitor the efforts made on each initiative in the CalPERS 2011-12 Business Plan and report progress to the Finance Committee each February and November.

Conclusion

Staff request approval of the CalPERS 2011-12 Business Plan which documents the business priorities and the enterprise implementation plan that will guide CalPERS toward the achievement of our Vision, Mission, and Strategic Plan Goals.

V. STRATEGIC PLAN:

This agenda item reflects the 2011-12 Business Plan which represents work needed to achieve the 12 Goals in the CalPERS Strategic Plan.

VI. RESULTS/COSTS:

Cost and resource needs associated with the projects and activities identified in this plan have been allocated in the proposed CalPERS 2011-12 Budget.

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STEPHEN W. KESSLER
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Attachments